(ii) Conversion of ECB/Loan into equity provided the activity of the company is covered under automatic route, the foreign equity after such conversion falls within the sectoral cap and also complies with prescribed pricing guidelines.

(iii) Cases of increase in foreign equity participation by fresh issue of shares as well as conversion of preference shares into equity capital provided such increase falls within the sectoral cap in the relevant sectors, are within the automatic route and also complies with prescribed pricing guidelines.

Procedural simplification and removal of bottlenecks is an on-going process, which the government is addressing continuously.

Sale of insurance products through telemarketing

1457. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the Insurance Regulatory Development Authority is seized of unethical ways of operation by insurance companies in selling insurance products of intricate nature through telemarketing;

(b) whether the IRDA proposes to enforce strict vigilance over such companies selling insurance products through multi-level marketing; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Insurance Policies are legal contracts. Insurer accepts the risk based on the material information submitted in the proposal form and after collecting the premium, issues the policies, clearly mentioning the scope of cover, terms, conditions and exclusions etc. Standard policies are also canvassed through telemarketing. Insurance Regulatory & Development Authority (IRDA) is concerned about the wrong selling practices taking place through multi-level marketing channels. Based on the complaints received, IRDA has initiated action against some of the companies. IRDA is also engaged in bringing out guidelines on Corporate Agency Regulations, thereby discouraging multi-level marketing activities.